



To: All Rental Housing Tax Credit Recipients
From: IHCDA Multi Family Department
Date: **January 28, 2008**
Re: **Clarification of the Student Housing Eligibility**

Notice: MFD-08-03

On 12/20/07, the President signed into law the Mortgage Forgiveness Debt Relief Act of 2007, H.R. 3648. For RHTC properties, this Act amends the student rule to clarify that single parents and their children could all be full-time students and still qualify for Housing Credit-financed units, effective immediately for all past and future Housing Credit allocations.

SEC. 6. CLARIFICATION OF STUDENT HOUSING ELIGIBLE FOR LOW-INCOME HOUSING CREDIT.

(a) In General- Subclause (I) of section 42(i)(3)(D)(ii) of the Internal Revenue Code of 1986 (relating to certain students not to disqualify unit) is amended to read as follows: `(I) single parents and their children and such parents are not dependents (as defined in section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof) of another individual and such children are not dependents (as so defined) of another individual **other than a parent of such children**, or.' (b) Effective Date- The amendment made by this section shall apply to-- (1) housing credit amounts allocated before, on, or after the date of the enactment of this Act, and (2) buildings placed in service before, on, or after such date to the extent paragraph (1) of section 42(h) of the Internal Revenue Code of 1986 does not apply to any building by reason of paragraph (4) thereof.

Verification that a single parent tenant, in a full-time student household, is not the dependent of another individual is required in every tenant file. Additionally, verification that the child (children) in the household is a dependent of the single parent tenant is also required in the file.

If the child (children) of the household is not the dependent of the single parent tenant, then verification that the child (children) is the dependent the other parent is required in file.

Example 1:

Issue: Single parent tenant with two school-age children is a full-time student at move-in.

Verification: Prospective tenant must provide the most current tax returns to show that said single parent tenant is not the dependent of another individual; and that the children are the dependents of the said single parent tenant (or the children were dependents of the other parent-see Example 3).

Example 2:

Issue: Divorced, single parent tenant with two school-age children becomes a full-time student after move-in but the children were not dependents of the single parent tenant on the most current tax return.

Verification: Single parent tenant must provide tax returns to show that said single parent tenant is not the dependent of another individual. Divorce decree in file should be used to verify that the children were to be the dependents of the other parent.

Example 3:

Issue: Single parent tenant who was never married, and has a school-age child, becomes a full-time student after move-in and the child does not show as a dependent of the tenant on the most current tax return.

Verification: Single parent tenant must provide tax returns to show that said single parent tenant is not the dependent of another individual. A copy of the other parent's tax return should be in file to show proof of parent dependency. However, if the other parent's tax return is not accessible, the single parent tenant should complete a detailed self-certification as to the dependency of the child.